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DEPARTMENT OF EDUCATION

Application to Pilot; Federal Student Aid's Next Generation  
Financial Services Environment - Payment Vehicle Account  
Program Pilot

AGENCY: Federal Student Aid, Department of Education.

ACTION: Notice.

SUMMARY: The Department of Education's Federal Student Aid office is issuing a Notice inviting Applications from parties to implement a Pilot of a Payment Vehicle Account Program.

DATES:

Applications Available: [INSERT DATE OF PUBLICATION IN THE FEDERAL REGISTER].

Deadline for Transmittal of Applications: [INSERT DATE 21 DAYS AFTER DATE OF PUBLICATION IN THE FEDERAL REGISTER].

In-Person Presentations for Applications selected to Present (45 minutes) and Discussion Session (45 minutes): [INSERT DATE 35 DAYS AFTER DATE OF PUBLICATION IN THE FEDERAL REGISTER] to [INSERT DATE 42 DAYS AFTER DATE OF PUBLICATION IN THE FEDERAL REGISTER].

Intended Award Date: [INSERT DATE 49 DAYS AFTER DATE OF PUBLICATION IN THE FEDERAL REGISTER].

Individuals with disabilities who need an accommodation or auxiliary aid in connection with the Application ("Application") process should email FSAPaymentVehicle@ed.gov. If the Department of Education ("Department") provides an accommodation or auxiliary aid to an individual with a disability in connection with the Application process, the individual's Application remains subject to all other requirements and limitations in this Notice ("Notice").

FOR FURTHER INFORMATION CONTACT: Please email FSAPaymentVehicle@ed.gov. You may also contact Dr. Charles Patterson, Project Advisor at (202) 377-4133, or Emily Malone, Project Advisor at (202) 377-4624.

If you use a telecommunications device for the deaf (TDD) or a text telephone (TTY), call the Federal Relay Service, toll free, at 1-800-877-8339.

SUPPLEMENTARY INFORMATION:

Full Text of Announcement

Summary of Payment Vehicle Account Program Pilot

Federal Student Aid (FSA), an office of the United States Department of Education, intends to enter into one or more Cooperative Agreements ("Cooperative Agreement") for a Program Pilot ("Pilot"). This Pilot is intended to

guide the establishment and delivery of a student-focused electronic Payment Vehicle Account Program ("Program"). This Payment Vehicle Account ("Payment Vehicle Account") will have direct connectivity, through integration with FSA's myStudentAid Super Portal Mobile App ("Super Portal Mobile App"), to a robust set of app functionalities that are important to help students pursue, finance, and complete their postsecondary education.

In the first phase of the selection process for this Pilot, FSA is inviting interested parties to submit Applications to enter into Cooperative Agreements to serve as Pilot Implementer(s) ("Pilot Implementer(s)") in FSA's Payment Vehicle Account Program. FSA will, at its sole discretion, select one or more parties to serve as Pilot Implementer(s) of the Pilot. The Department has determined that a Cooperative Agreement is the appropriate vehicle for this Pilot, because FSA is not acquiring property or services for the direct benefit or use of the Government ("Government"). Rather, FSA is transferring a thing of value (including, and of importance, the authority to use the FSA brand) to the recipient to carry out a public purpose of support or stimulation authorized by law, which is to improve service to students and other participants in the student financial assistance programs.

FSA will select one or more eligible Applicants that meet the Program Pilot Requirements set forth in this Notice to serve as Pilot Implementer(s), based upon the selection criteria and using the process set forth in Sections IV and V of this Notice.

Using one or more Cooperative Agreements, FSA will authorize one or more Pilot Implementer(s) to utilize the FSA brand in connection with piloting a Payment Vehicle Account. The Pilot Implementer(s) will, thus, be supported and required to establish a Payment Vehicle Account, and will agree to abide by customer-friendly terms and conditions as defined and updated at FSA's sole discretion. The Pilot is intended to run through December 2020, but may be extended, expanded, or terminated at the sole discretion of FSA. The term of the Cooperative Agreement will be for the duration of the Pilot, plus 12 months thereafter.

The Pilot will be administered at multiple Schools ("School") that volunteer to participate and are selected by FSA in consultation with the Pilot Implementer(s). Evaluation of the Pilot will be conducted by an independent party using a mixed methods research protocol, which combines quantitative and qualitative assessments to measure benefits and perceptions of Program utility,

efficiency, and ease of use by Customers ("Customer") and Schools.

The Government will not make payments to the Pilot Implementer(s) for any aspect of the Pilot. The Pilot Implementer(s) may not charge any fees to participating Customers for any aspect of the Payment Vehicle Account or any other activity in association with the Pilot. Additionally, the Pilot Implementer(s) must ensure that, for participating Schools, the debit fee rate or an interchange rate (including for tuition, fees, and School-owned merchants such as bookstores, cafeterias, etc.) will be assessed at \$0 or 0 percent.

Student participation in the Pilot is voluntary. The Pilot Implementer(s) and Pilot Participant(s) ("Pilot Participant(s)") must have policies to protect the security and privacy of the personal and private information of Customers who elect to participate in the Program. See Section I and Subsection *Privacy of Customer Information and Restrictions on Marketing Use*, for more information.

All personal and related transaction information is the property of the participating Customer and named Issuing Financial Services Institution ("Issuing Financial Services Institution") of the Payment Vehicle Account as required by Federal and State laws that apply to financial

services institutions. Any use of participating Customer-specific Payment Vehicle Account information must be authorized with explicit participating Customer opt-in methods on a by-occurrence basis, and not through general or blanket opt-in methods. Under the Cooperative Agreement, the Pilot Implementer(s) will be required to provide noncustomer specific, aggregated or disaggregated Program-related information to FSA by way of reports that ensure the anonymity of participating Customers.

#### I. Opportunity Description

Definitions: For purposes of this Notice and the Pilot, the following definitions apply:

- *Application* is the document completed by entities that wish to be considered as Pilot Implementers.
- *Co-brand* is a strategic alliance of multiple brands, which will include the FSA brand and may include the brand of the Issuing Financial Services Institution and Payment Brand.
- *Cooperative Agreement* is the legal instrument that will establish the relationship between the Department and the Pilot Implementer(s).
- *Customer* is any person who is attending or associated with a School and received title IV aid from FSA.
- *Department* refers to the U.S. Department of Education.

- *Government* refers to the United States Federal government acting through the U.S. Department of Education and its Federal Student Aid office, and other authorized agencies.
- *Issuing Financial Services Institution* is the financial services institution that issues the Payment Vehicle Account to participating FSA Customers.
- *myMoney Tile* is a tile within the Super Portal Mobile App through which the Vendor Mobile App is launched.
- *NextGen* refers to FSA's Next Generation Financial Services Environment, a new digital engagement services and payments platform developed by FSA to ensure FSA Customers enjoy a world-class customer experience throughout their education finance journey.
- *Notice* is this announcement of the opportunity for parties to pilot a Payment Vehicle Account Program.
- *Payment Brand* is a payment network or clearing authority ensuring funds are settled between the merchant's bank and the Issuing Financial Services Institution.
- *Payment Vehicle Account* is an account established by the Payment Vehicle Account Program for participating Customers to receive their credit balance funds for title IV Federal aid and other student aid, which may also be used to conduct other transactions through both a physical and

virtual card. The participating Customer is the owner of the Payment Vehicle Account.

- *Payment Vehicle Account Product (or Product)* represents the features, functionality, and attributes of the Payment Vehicle Account as provided by the selected Pilot Implementer(s) and Pilot Participant(s).
- *Payment Vehicle Account Program (or Program)* is the complete set of offerings, features, and benefits of the Payment Vehicle Account including: payment capability, Vendor Mobile App, participating customer enrollment/engagement, and other content or tools. It is managed by the Pilot Implementers through the process outlined in this Notice.
- *Pilot* is the initial and test phase of the Payment Vehicle Account Program.
- *Pilot Implementer(s)* is a party that works directly with FSA by way of a Cooperative Agreement and is responsible for providing a turnkey Payment Vehicle Account Program solution that includes at least the combination of an Issuing Financial Services Institution, Processor, Payment Brand and Product. A Pilot Implementer must be an Issuing Financial Services Institution, Processor, or Payment Brand. Note: a Pilot Implementer may also be a Pilot Participant.



- *Pilot Participant(s)* is a party that works directly with the Pilot Implementer(s) under a contract or other appropriate teaming arrangement to implement the Payment Vehicle Account Program and may be either the Payment Brand, Issuing Financial Services Institution, or Processor. Note: a Pilot Implementer may also be a Pilot Participant.
- *Processor* is the company that processes transactions from a merchant through the Payment Brand and Issuing Financial Services Institution and processes Payment Vehicle Account statements.
- *Schools* are institutions of higher education, such as postsecondary schools, vocational schools, universities, and colleges that have a Program Participation Agreement with the Department under which their students may receive Federal student loans under title IV of the Higher Education Act of 1965, as amended.
- *Super Portal Mobile App* is FSA's myStudentAid Super Portal Mobile App, a key component of the NextGen digital platform that contains numerous tiles, one of which is the myMoney Tile.
- *Vendor Mobile App* is the app provided by the Pilot Implementer(s) through which participating Customers can interface with the Issuing Financial Services Institution to manage and self-service their Payment Vehicle Accounts.

It is launched via the myMoney Tile residing in the FSA Super Portal Mobile App.

Background:

FSA is undertaking transformative measures to establish the Next Generation Financial Services Environment ("NextGen") to ensure FSA Customers enjoy a world-class customer experience throughout their education finance journey. The size and scale of FSA's consumer loan portfolio operations are on par with the largest lenders in the United States, including:

- Approximately 42 million Customers across the student-lending lifecycle.
- A total lending portfolio of over \$1.4 trillion in outstanding principal and interest balances.
- Annual originations of over 17 million student loans.
- Annual processing of nearly 250 million payment transactions.
- Annually processing of 50+ million disbursements totaling more than \$125 billion.

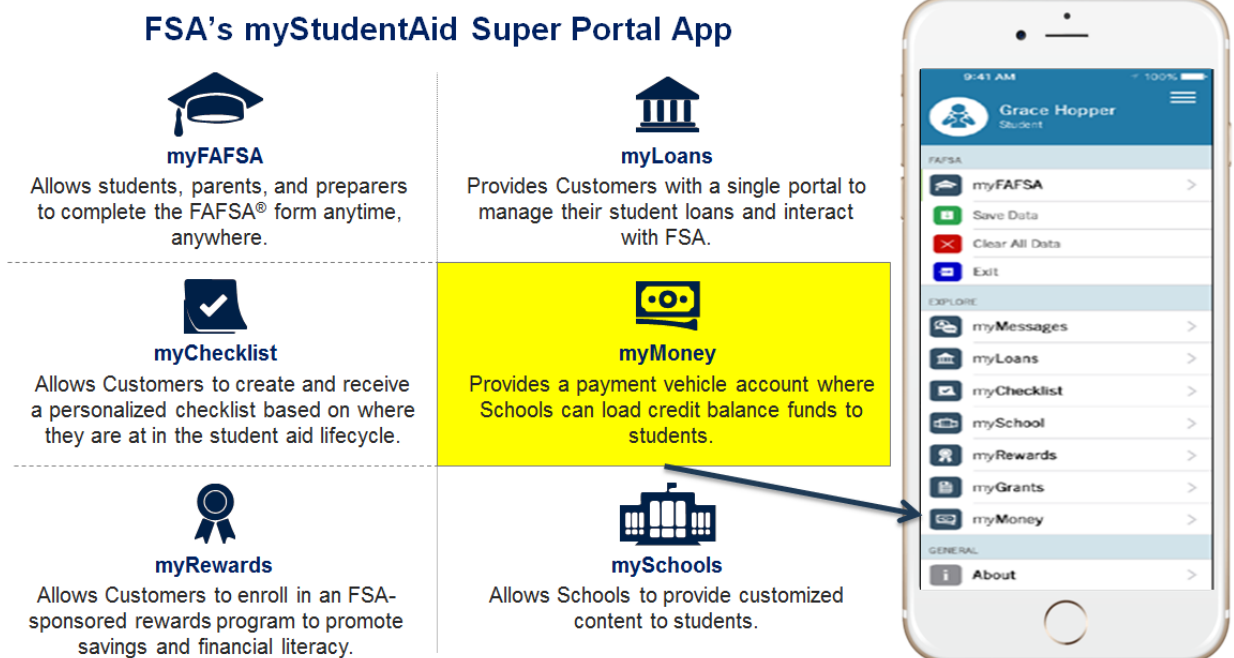
FSA's Next Generation Financial Services Environment digital platform, along with an omni-channel customer engagement strategy and commitment to enhanced FSA branding, intends to provide easy, seamless, and more

frequent customer interactions. Mobile-first, mobile-complete, and mobile-continuous digital customer service will drive short- and long-term positive outcomes for students and provide better value to taxpayers.

Payment Vehicle Account Program Pilot Overview: The FSA Payment Vehicle Account Program is designed to: provide a no-fee Payment Vehicle Account to participating Customers; streamline the Schools' processing of credit balance funds for title IV Federal student aid and other student aid; and kick-start and continuously promote the interaction between FSA and its Customers via FSA's myStudentAid Super Portal Mobile App, which will bring into greater focus that the Federal Government, through FSA, is the originating source of the student's Federal student aid. Increased, repeat, and positive interactions with FSA and the Customer may help to establish a stronger relationship and in turn help ensure that FSA is the first place Customers turn to for information about their Federal student aid.

FSA's Super Portal Mobile App, which was fully launched on October 1, 2018, is a component of NextGen's mobile-first, mobile-complete, and mobile-continuous digital customer service strategy. The Super Portal Mobile App features the new and improved Mobile FAFSA® and other student aid resources. FSA plans to include capabilities

and functionalities for FSA's Customers to not only manage their student aid but to also receive proactive engagement and financial literacy guidance. Financial literacy guidance will provide the Customer with increased access to educational materials related to a Customer's Federal student aid obligations and options, which are intended to allow students to make more informed and effective financial decisions. To integrate the Payment Vehicle Account Program into the NextGen digital platform, a tile within the Super Portal Mobile App labeled myMoney ("myMoney Tile") will launch the Pilot Implementer(s)'s Vendor Mobile Account App ("Vendor Mobile App"). The following representation is for illustrative purposes only:



FSA will execute a Cooperative Agreement with one or more Pilot Implementer(s) to conduct the Pilot. The Pilot will be a "test-and-learn" phase for FSA to assess, based on the experience of the Pilot Implementer(s), potential strengths and challenges of introducing a Payment Vehicle Account program that will inform efforts to potentially take such programs to scale. Applications for Pilot Implementer(s) will be accepted as described in this Notice.

FSA seeks Pilot Implementer(s) who will coordinate with other Pilot Participant(s) to drive technology innovation in payment services, deliver world-class customer service, and recognize the benefits such an opportunity provides. The principal purpose of these agreements is to accomplish a public purpose authorized by 34 CFR 668.164 and, in accordance with 20 U.S.C. 1018(a)(2)(A), "to improve service to students and other participants in the student financial assistance programs." As detailed further throughout, we expect there will be substantial interaction and involvement between FSA and the selected Pilot Implementer(s) when implementing and operating the Pilot.

FSA will oversee and monitor the Pilot and all associated activities, including the use of the FSA brand.

Pilot Implementer(s) will provide reports regularly, so that FSA can ensure that the Pilot Implementer(s) are properly carrying out the Cooperative Agreement. FSA sets the requirements that Pilot Implementer(s) must adhere to for the use of the FSA-branded Program, including those regarding the marketing of data associated with the Payment Vehicle Account.

Rationale for the Program:

Eligible colleges and universities receive FSA student financial aid funds directly from the Department and then apply these funds to student accounts to cover the cost of tuition and fees. These Schools are required to provide the credit balance funds to students in a transparent, timely, and cost-effective manner, at least parts of which are at no cost to the student. (34 CFR 668.164). This Pilot would be a completely no-cost solution for participating Customers.

To provide credit balance funds, Schools use a variety of methods including: depositing the funds onto a payment card, electronic funds transfer using the Automated Clearing House (ACH) process, drafting manual checks, and even cash disbursements.

Through the Cooperative Agreement, FSA seeks to support and stimulate a Payment Vehicle Account Program that provides the following:

- *An optional and consistent credit balance fund payment method* – FSA Customers need a robust, no-fee method that provides easy access to credit balance funds for title IV Federal student financial aid and other student aid. Schools need a no-fee, simplified, and consistent method to administer credit balance funds.
- *Reduce the burden on Schools* – The Program would remove the burden on Schools to negotiate with third parties for credit balance fund disbursement products.
- *Student privacy and data protections* – The Program would provide clear and consistent guidance with respect to specific participating Customer privacy and protection issues such as those related to Payment Vehicle Account Product (“Product”) cross-marketing.
- *Provide a financial services institution transaction account to students without such accounts* – The Program would provide a financial services institution transaction account to low-income students who might

otherwise find it difficult to establish such an account.<sup>1</sup>

Importance of the Program: Receiving Federal student aid may be the first encounter a student has with a financial services product, as well as his or her first experience with the Government. As such, the FSA Payment Vehicle Account Program presents a unique opportunity for FSA and the Government to demonstrate a positive customer experience, and to bring into focus for the student that the Federal Government, through FSA, is the originating source of their Federal student aid. Bringing an understanding of the originating source into focus for the student is important because it helps to ensure that FSA is the first place Customers turn for information regarding their Federal student aid, which in turn ensures that the Customer receives the most accurate and trustworthy information regarding their aid.

Program Goals:

The Program is seeking to accomplish the following:

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<sup>1</sup> According to the *2015 Federal Deposit Insurance Corporation (FDIC) National Survey of Unbanked and Underbanked Households*, the unbanked and underbanked rates for lower-income households were higher as compared to households with higher incomes. When citing reasons why households were unbanked, an estimated 57.4 percent of unbanked households cited the reason "do not have enough money to keep in the account" and an estimated 27.7 percent cited the reason "account fees too high."



- *Payment Vehicle Account* - Provide an economically advantageous no-fee Payment Vehicle Account for participating FSA Customers to receive their credit balance funds for title IV Federal student financial aid and other student aid, and conduct financial transactions with both physical and virtual card features. The Payment Vehicle Account could become the primary payment utility vehicle for FSA Customers to receive both FSA funds and non-FSA funds, which may originate from Schools, grant providers, employers, family members, or other third-party sources.
- *Digital experience* - Utilize state-of-the-art digital technology via the Vendor Mobile App to interact with participating Customers that is consistent, convenient, relevant, simple, and secure.
- *Customer engagement* - Provide an FSA-branded customer experience for FSA Customers and Schools that promotes engagement and frequent use of the Vendor Mobile App.
- *Process improvement* - Achieve greater operational efficiency and flexibility with Federal student loan and grant fund administration for Schools and FSA.
- *Technology innovation* - Establish an agile technology platform where innovation and flexibility are hallmarks of how new capabilities and features should be deployed for continuous improvement to customer experience and responsiveness to mandated policies, procedures, and laws.

Technology exists to accomplish this, and more, for the overall benefit of FSA Customers and taxpayers.

To meet FSA's stated objectives, the Program will require a unique combination of product features and enhanced digital services via the Vendor Mobile App working in conjunction with the FSA Super Portal Mobile App. The Payment Vehicle Account must operate using "eBanking" features at its best.

#### School Selection

In the second phase of the selection process for this Pilot, which will be conducted at a later date, FSA will reach out to Schools to gauge their interest in participating in the Pilot. Of the Schools that confirm interest in participating in the Pilot, FSA, by way of committee, will make individualized determinations about which Schools to invite to participate. FSA will consider input from the Pilot Implementer(s) when making these determinations. FSA will directly notify those Schools that it selects to participate.

Program Pilot Requirements: Parties applying to be Pilot Implementers must address the following items in their Applications:

#### Pilot Implementer(s)'s Duties & Responsibilities:

The Pilot Implementer(s) must provide a Payment Vehicle Account for eligible participating Customers and

students currently enrolled in postsecondary education who receive Federal student financial aid. Eligible Customers are borrowers that are eligible for Title IV funds and attend a participating school location. The Pilot will include multiple Schools where FSA Customers will be offered the Payment Vehicle Account as a new option to receive credit balance funds for title IV Federal aid and other student aid. Subject to change at FSA's sole discretion, the Pilot will include multiple School site locations.

As noted above, FSA will consider input from the Pilot Implementer(s) when selecting Schools for the Pilot. A Pilot Implementer will be responsible for executing an agreement with one or more of the School(s) selected for the Pilot. FSA will work with the Pilot Implementer(s) and School(s) to structure the basis of this agreement.

The Program Pilot requirements create a relationship between the participating Schools and the selected Pilot Implementer(s) that will be defined as a Tier 2 arrangement under the Department's Cash Management Rules. Thus, compliance with 34 CFR 668.164(d)(4)(i) and 34 CFR 668.164(f)(4) is required. The Pilot Implementer(s) must deliver a full turnkey solution. When submitting an Application in response to this Notice, a prospective Pilot

Implementer shall set forth a narrative describing how it will assume the duties and responsibilities of overall Pilot implementation.

Prospective Pilot Implementer(s) must fully describe which Pilot Participant(s) will provide the following functional activities: Product Design, Payment Brand ("Payment Brand"), Issuing Financial Services Institution, Processor ("Processor"), Program marketing to Customers, and Program interface with and training for Schools.

Customer Journeys:

The Pilot Implementer(s)'s understanding of FSA Customer journeys is critical to the success of the Program. Therefore, applicants must provide journey mapping throughout the customer lifecycle to communicate an understanding of the touchpoints and outcomes for each of the following stages: awareness, reach, acquisition, usage, customer support, retention, financial literacy, and high customer satisfaction with the Payment Vehicle Account Product.

Features and Functionality:

*Enrollment and Setup.* Pilot Implementer(s) must provide Payment Vehicle Account application, set-up, activation, and usage, with no requirement for a Customer credit check. Pilot Implementer(s) must provide Payment Vehicle Account

disclosures, subject to FSA approval. Participating Customers must receive both a physical card and a virtual card controlled via the Vendor Mobile App. The Payment Vehicle Account must function as a complete transaction account, providing zero Customer liability (for theft, lost card, and fraud), charge-back rights, and have funds protected by the Federal Deposit Insurance Corporation (FDIC) or the National Credit Union Administration (NCUA). Pilot Implementer(s) must manage enrollment and communicate with FSA participating Customers about Payment Vehicle Account activation for new Payment Vehicle Accounts. Students are not required to participate in the Payment Vehicle Account Program. Customer participation is strictly voluntary.

*Funding by Schools.* Schools must directly fund the participating Customer's Payment Vehicle Account with the Customer's credit balance funds and communicate with the participating Customer about the status of the credit balance fund and timing, as they currently do with other credit balance fund processes. Schools may provide both the FSA portion as well as other money, such as State and institutional aid funds, to the Payment Vehicle Account. Participating Customers must have the ability to use the Vendor Mobile App to verify that funds are available prior

to use of the account. To ensure proper Payment Vehicle Account funding, the Pilot Implementer(s) must work with the Schools to efficiently deposit credit balance funds for title IV Federal aid and other student aid to the participating Customer's activated Payment Vehicle Account.

*Funds In/Out.* Methods for transferring funds using the Vendor Mobile App must include: direct deposit, remote deposit capture, Automatic Teller Machine (ATM), ACH, merchant-based deposits, debit, one-time or recurring e-payments (specifically to include a payment for repayment of Federal student aid), and electronically generated paper checks to pay for products and services that do not accept electronic payments. Funds may be sourced from various third parties, such as School financial aid offices, retail locations, employers, peer-to-peer, parents, etc.

*Acceptance.* The Payment Vehicle Account must demonstrate the ability to be accepted at a wide variety of merchants, both on and off campus, and at any merchant accepting electronic payments and for e-commerce transactions. The acceptance process must allow for swipe, chip, PIN, and contactless payments for physical cards while the Vendor Mobile App must allow for contactless payments from iOS and Android smartphones.

*ATMs and Bank/Credit Union Cash.* The physical card and companion Vendor Mobile App must be compatible with commercial ATM standards to allow ATM cash withdrawals. A comprehensive no-fee "in-network" ATM capability must be available as well as a no-fee "out-of-network." More specifically, the Pilot Implementer must ensure convenient access to the funds in the financial account through a surcharge-free national or regional ATM network that has ATMs sufficient in number and housed and serviced such that title IV funds are reasonably available to students, including at the times the institution or its third-party servicer makes direct payments into the financial accounts of those students. Additional no-fee cash locations are encouraged, such as over-the-counter branch withdrawals.

*Vendor Mobile App.* The Vendor Mobile App must allow for real-time interface with the FSA Super Portal Mobile App. Primary features of the Vendor Mobile App include, but are not limited to: robust customer self-service controls, such as card on/off, account status, current balance, eReceipts, statements, limits/budgeting, history; the participating Customer's ability to manage spending by geographic location or merchant code or dollar amount; ATM locator; and direct connectivity to the payment

authorization stream for real-time transaction alerts, fraud alerts, travel alerts and user level alerts.

*Overdraft/NSF.* Pilot Implementer(s) must ensure that no overdraft or insufficient funds fees will be charged as a result of this service. The Payment Vehicle Account must demonstrate the ability to ensure protection against overdrafts and any overdraft fees.

*Card Features and Additional Attributes.* The selected Pilot Implementer(s) will be invited to provide details regarding potential additional benefits that may be relevant for students and be provided at no cost to the participating Customer, such as: purchase protection, extended warranty, roadside assistance, travel assistance, lost/delayed baggage protection, identity theft protection, credit report monitoring, car rental insurance, and interest paid on funds balances.

*Customer Service:*

*General.* The Payment Vehicle Account must have omni-channel customer support to include: online self-service via the Vendor Mobile Account; web; Interactive voice response (IVR); and live agent assistance via phone, chat, email, and Short Message Service (SMS). Customer service must account for exceptional peak period coverage for call center staffing at the beginning of each semester when



loans are disbursed, and exceptional customer “make good” arrangements must be in place with regard to fraud or other Payment Vehicle Account issues. Customer service must also provide for highly responsive and effective error resolution, complaint management processes and warm transferability between Schools (if feasible), FSA, and Pilot Implementer(s)’s call centers. To support participating FSA Customers, Schools, and FSA Administrators, the Payment Vehicle Account requires a robust customer service program to resolve Payment Vehicle Account-related issues, inquiries, fraud (including suspicious activity notifications), chargebacks, and disputes. The Pilot Implementer(s) are responsible for card issuance, replacement, cancellation, card issuance infrastructure, and other items as appropriate to provide physical and virtual cards.

*Support Levels.* The Pilot Implementer(s) must operate full levels of support for Payment Vehicle Account servicing for participating FSA Customers. First-level support is responsible for: how contacts will be accepted into digital, online, or live support operations; problem triage determination and appropriate action; and contact transfer to second-level support or other appropriate resources as designed in the customer journey. For Payment Vehicle

Account servicing and issues related to fraud or misallocation of funds, the Pilot Implementer(s) will provide first-level support for participating Customers with connection points to second- and third-level support via FSA-staffed call centers or other resources for questions outside of the Program's mandate.

myMoney Tile and Vendor Mobile App:

The selected Pilot Implementer(s) will provide the companion Vendor Mobile App, which will launch behind the myMoney Tile located in the FSA Super Portal Mobile App. Thus, the Vendor Mobile App must be designed to integrate with the existing framework of the Super Portal Mobile App. The Vendor Mobile App must be a free download and must support Android phones, iOS phones, and all versions that the Super Portal Mobile App supports. Maintenance must follow Android and iOS update protocols maintaining backward and future compatibility. The Vendor Mobile App must be compliant with applicable accessibility standards. The Pilot Implementer(s) must ensure technical and operational feasibility of the Payment Vehicle Account and Vendor Mobile App by testing required functionality and specifications before the launch of the Pilot. The Vendor Mobile App must implement security protocols to protect mobile Payment Vehicle Accounts.

*Program Training:*

The Pilot Implementer(s) will be responsible for Program training and collaborating with the School, as appropriate. The Pilot Implementer(s) will also be responsible for creating awareness programs and providing any necessary training for Schools. The Pilot Implementer(s) will determine the process and appropriate level of customization needed for Pilot implementation at Schools and will be responsible for training Customers on benefits and use of the Payment Vehicle Account. The Pilot Implementer(s) will coordinate with FSA customer service to coordinate procedures and to ensure knowledge transfer to effect world-class customer service among various service-level tiers.

*Program Communication and Branding:*

The Pilot Implementer(s) are responsible for developing and executing a communication campaign for each School participating in the Pilot for the purpose of effectively promoting the Payment Vehicle Account to FSA Customers. The campaign must provide information that will help Schools and potential Customers understand the Program. Plastics, Vendor Mobile App, and all customer-facing communications should be FSA Co-branded ("Co-brand"). Customer service call centers should answer the

phone with FSA Co-brand acknowledgement. Additionally, the Payment Vehicle Account card design(s) and all communication materials should be unique and appealing to the student market. FSA must concur with all Payment Vehicle Account Program communication campaigns.

*Privacy of Customer Information and Restrictions on Marketing Use:*

The Pilot Implementer(s) are responsible for having policies to protect the security and privacy of the personal and private information of Customers who elect to participate in the Program. Participating Customer data associated with the Payment Vehicle Account will be restricted as to any marketing use. Pilot Implementer(s) may not use participating Customer data for marketing purposes without explicit permission from the Customer. Any use of the Payment Vehicle Account/participating Customer data to offer other financial relationships can only be requested by the Pilot Implementer(s) and granted by the participating Customer on a specific individual case-by-case basis. As such, any use of Payment Vehicle Account information for marketing purposes may be authorized only with explicit opt-in (on a by-occurrence only basis and not through general/blanket opt-in or through any opt-out methods) by the participating Customer. Any participating

Customer data used by the Pilot Implementer(s) or Pilot Participants for purposes other than administering the Program Pilot, such as offering other financial relationships and marketing use after explicit opt-in, must be data the Pilot Implementer(s) or Pilot Participants receive directly from the participating Customer and not from participating Schools.

Under the Cooperative Agreement, the Pilot Implementer(s) will be obligated to provide noncustomer specific aggregated Program-related information to FSA. Additionally, FSA will not receive any individual Customer records or other individually-identifiable information from other entities involved in the Pilot, including but not limited to Program Participant(s) or Schools. These restrictions on data ownership and use will continue after the expiration of the Pilot and in perpetuity.

*Reporting:*

Pilot Implementers will not share Customer-level specific data with FSA nor will FSA share Customer-level specific data with Pilot Implementers. Pilot Implementers will provide reports to FSA containing only aggregate data for purposes of FSA's monitoring of compliance and Program progress.

To ensure anonymity of participating Customers and that data remain in the aggregate, reports will only be provided to FSA when the report methodology provides strict assurance of customer identity anonymity through statistical analysis or expert analysis. The Pilot Implementer(s) must provide to FSA a set of aggregated information reports, at regular intervals, to assist in the monitoring and oversight of the Program. FSA will utilize these aggregated information reports to ensure that the Pilot Implementer(s) are adhering to their obligations under the Cooperative Agreement. FSA will maintain the right to request additional Program-related reports, and on a frequency as determined by FSA.

At a minimum, the Pilot Implementer(s) must provide reports to FSA at regular intervals, to be determined by FSA after taking into consideration the selected Pilot Implementer(s) recommendations. Reporting intervals and report type classification is subject to change based on reporting needs. Reporting will include but is not limited to: Vendor Mobile App reports showing aggregated usage (page views, downloads, tile views, etc.) and complaints captured through the FSA Feedback System; a copy of the quality assurance program and related reports; call center activity reports; and complaint management reports for:

dispute requests, chargebacks, fraud, etc. Aggregated spending reports categorized by merchant type will also be required. The Pilot Implementer(s) are also responsible for reports for key performance indicators and lost and stolen card reporting.

Additionally, the Pilot Implementer will provide FSA with detailed periodic market research reports relative to participating Customers and Schools to gauge Program status and participating School/Customer satisfaction and perception.

Participating Customers must be provided with a complete report of their monthly statement showing all purchases, deposits, and other Payment Vehicle Account activity. Pilot Implementers are encouraged but not required to include a Payment Vehicle Account feature that provides a monthly and annual budget summary statement breaking down categories of spending.

*Security:*

Pilot Implementer(s) must protect participating Customer data and participating Customer privacy using industry-leading technologies and methods. Payment Vehicle Account security methods must allow for Customer-operated account management controls with direct access to the payment authorization stream that enables participating

Customers to activate Payment Vehicle Account alerts and Customer-driven account and information control features. Pilot Implementer(s) must ensure that high-level data security protocols are employed including: encryption of data in transit and at rest; and security authorization and testing to thwart hacking or data intrusion in accordance with payment card industry standards, other relevant regulations, and state-of-the art practices. Payment Vehicle Account security must maintain a high order of commercial security standards including: lost/stolen cards reporting; fraud prevention and alerts; mobile PIN reset; suspicious activity notifications; and the use of standard payment brand chip and PIN, and appropriate tokenization.

*Program Governance:*

*Quality Control.* The Pilot Implementer(s) will establish and execute a Quality Control Plan that ensures all requirements and performance standards in the Cooperative Agreement are met. The Quality Control Plan must incorporate functional and physical configuration audits. The performance requirements and standards outlined must minimally include: document control, records management, corrective action management, internal audits/self-assessments, monitoring, training, management of teaming partners, vendors and other third parties, and performance



metrics through collection of data analytics to evaluate system trends. The Quality Control Plan must be reviewed and updated at least annually or when a significant change occurs. This plan, and compliance with it, may be audited by FSA at any time.

*Risk Management.* The Pilot Implementer(s) will establish a dynamic, robust, and forward-thinking risk management plan designed to identify, assess, manage, and monitor risks. It must incorporate reporting, monitoring, and process impact analysis. This Quality Control Plan analysis must include, at a minimum: a clear process for the identification, assessment, management, and monitoring of risks; a complete risk register with risks identified and assessed; mitigation plans for management of high and medium risks; clear monitoring and escalation processes with supporting reports; and a robust issues log with specific corrective action plans. The risk management plan must be reviewed and updated at least quarterly or when a significant event occurs. The plan may be audited by FSA at any time.

Pilot Implementers must provide a list of reports generated throughout the Pilot Implementer's and Pilot Participant's security, compliance, and governance operations. All Pilot Implementers must allow FSA, or its

designated agent, to inspect any risk, compliance, security, assessment, or penetration testing report relevant to the systems, processes, and services performing servicing.

*Compliance.* The Pilot Implementer(s) must agree to abide by all applicable rules and laws including, but not limited to: Federal and State rules and laws governing financial services institutions, privacy rules and laws, consumer laws, and relevant Payment Vehicle Account set-up and operational rules. The Pilot Implementer(s) must maintain compliance with all Federal and State requirements governing financial services institutions, including adhering to industry best practice with relation to cyber security measures. Under the Cooperative Agreement, the Pilot Implementer(s) will be required to abide by a specific list of relevant laws, rules, and regulations. Additionally, FSA may require the Pilot Implementer(s) to work with the School(s) to audit the participating Customer list to validate that only individuals eligible for title IV financial aid, at the time of Payment Vehicle Account inception, are participating in the Payment Vehicle Account Program.

*Timeline and Project Plan:*

The Pilot is intended to go live within 60 days of signing of the Cooperative Agreement, and to conclude in December 2020, or earlier, at the sole determination of FSA. As stated above, the Payment Vehicle Account Program Pilot may be extended, or terminated early, at the sole discretion of FSA.

In the event a Pilot Implementer or Pilot Participant voluntarily withdraws from the Payment Vehicle Account program, or FSA elects to remove the party, the Pilot Implementer shall ensure the participating Customer is not charged a fee nor have funds frozen as part of transitioning his or her service to another provider or solution at FSA's discretion and timeline.

The Pilot Implementer(s) must submit a high-level project plan that adheres to the Department's projected target live date of 60 days after signing the Cooperative Agreement. The Pilot project's schedule must indicate when specific Product features will be completed and available for use by FSA Customers and provide a narrative with the project plan to highlight when Product features exceed requirements.

*Innovation Strategies:*

FSA encourages the Pilot Implementer(s) to continually recommend new strategies and identify innovative

enhancements regarding the Program such that the Program remains state-of-the-art. This should include defining the process for ongoing collaboration with FSA and innovation, and coordinating the prioritization of enhancements.

*Investment:*

During its evaluation for selection of potential Pilot Implementer(s), the Department will consider the applicant's proposed investment to fund Program Pilot development, implementation, and ongoing management in furtherance of the Pilot's intended goals. Pilot Implementer(s) must provide estimates of expected monetary and nonmonetary investments.

*Cost and Fee Schedule:*

The Pilot Implementer(s) may not impose any costs or fees on participating Customers or Schools related to the Pilot of the Payment Vehicle Account Program, including but not limited to: account activation, account closure, account dormancy, balance inquiry, funds load/reload, card swipe, customer service, deposit item return, electronic generated checks, emergency cash advances, access to account information, foreign transactions, in-network ATM withdrawals/deposits, out-of-network ATM withdrawals/deposits, insufficient funds, lost or stolen card reporting, maintenance or residency, membership,

overdraft, peer-to-peer loads, replacement card, stop payment, and use of alternative cash locations (bank/credit union tellers or merchants). No costs or fees of any kind may be imposed on participating Customers.

The Pilot Implementer(s) must work with the Pilot Participant(s) to ensure that, for participating Schools, the debit fee rate, or interchange rate (including for tuition, fees, and School-owned merchants such as bookstores, cafeterias, etc.) will be assessed at \$0 or 0 percent (or, if debit fees or interchange fees are charged, that such costs are reimbursed to Schools). Other transactions for non-School merchants may be assessed at standard debit fee or interchange rates. Specifics of the payment flows between Participants will be left to the Pilot Implementer(s) to determine.

In association with the Program Pilot, the Government will make no payment of any kind to a Pilot Implementer or any other entity under the Cooperative Agreement. The Government will not accept any payment from a Pilot Implementer or any other entity under the cooperative agreement.

Proposed Pilot Assessment Plan:

The Pilot will assess how and how well the Payment Vehicle Account Program is implemented, including how

Schools and Customers respond to it. The assessment will use a mixed-methods research approach with both quantitative and qualitative elements. The implementation measures will include, but will not be limited to: application click rates, downloads, page views, student acceptance rates and satisfaction, and product usage. These will be compared or benchmarked to those of other financial products to gain perspective on responsiveness. In addition, surveys or interviews will be conducted to examine such issues as implementation challenges and funding sources.

For example, FSA will determine if the Pilot is meeting its Payment Vehicle Account objective by examining Program adoption rates. Whether the Program offers a state-of-the art digital experience and technology innovation will be assessed in two ways: through customer satisfaction ratings and by comparing the technology at and throughout implementation to that used in comparable financial products, including new features introduced. The customer engagement objective will be assessed by customer satisfaction ratings and Program usage. Process improvement will be assessed with School feedback and satisfaction ratings, and the strengths and challenges reported by the Pilot Implementer(s) and the Schools.

In evaluating the Pilot Implementer(s)' performance under the Cooperative Agreement, FSA will engage the assistance of a qualified party or organization.

Waiver of Proposed Rulemaking: Under the Administrative Procedure Act (5 U.S.C. 553) and the Higher Education Act of 1965, as amended, the Department generally offers interested parties the opportunity to comment on proposed selection criteria, definitions, and other requirements. This is the first competition under 20 U.S.C. 1018 and 34 CFR 668.164(d) (3). With regard to these selection criteria, definitions and other requirements, we are waiving rulemaking consistent with section 437(d) (1) of the General Education Provisions Act (GEPA), 20 U.S.C. 1232(d) (1).

Program Authority: 34 CFR 668.164(d) (3); 20 U.S.C. 1018.

## II. Applicant Eligibility Information

### Eligible Applicants:

In order to qualify as Pilot Implementers for the Payment Vehicle Account opportunity, interested applicants must demonstrate that they have the capability to meet the Program Pilot requirements by the implementation date, as outlined in this Notice. Furthermore, applicants are encouraged to submit Applications for Pilot Implementer

which offer solutions that exceed the stipulated requirements.

FSA will select one or more applicants to become the Pilot Implementer(s). The Pilot Implementer(s) will be responsible, via a Cooperative Agreement, for providing a turnkey solution for the Pilot.

Coordination:

Pilot Implementer(s) must be willing and able to work with other entities affiliated with the Government, as well as other organizations that might conduct activities integral to the success of the Program. Additionally, to maximize testing and learning results, FSA may select multiple Pilot Implementers. If more than one Pilot Implementer is selected, each selected Pilot Implementer will carry out a unique Pilot at their assigned specific participating School or Schools rather than FSA requiring multiple Pilot Implementers to coordinate activities at the same School location(s).

III. Application Format

We recommend that applicants respond to this Notice (1) using 12 point, Times New Roman font, and (2) limit their Applications to 30 total pages, single-sided. This allows for up to 18 pages for selection criteria and up to 12 pages of supporting exhibits.



Applications submitted in response to this Notice must include the following general information: applicant's name and address; and the representative's name, contact phone number, and email address. Applications should also follow the format as detailed in the following Section IV, *Application Selection Criteria*, of this Notice for:

Strategic Fit and Technical Capability; Past Performance and References; and Investment. FSA also encourages Pilot applicant(s) to set forth innovative ideas for accomplishing the objectives of the Pilot. Innovative ideas should be included when responding to the criterion for Strategic Fit and Technical Capability.

#### IV. Application Selection Criteria

FSA will evaluate Applications to determine which applicants it will invite to make in-person presentations based on the criteria described below. An applicant's ability to meet the Strategic Fit and Technical Capability selection criterion is most critical and, thus, will be the most heavily weighted selection criterion factor. Suggested page limits for applicants' responses to each criterion are noted in parentheses below.

- (a) Strategic Fit and Technical Capability (up to 10 pages) (70 Points)

In determining strategic fit and technical capability, including an applicant's privacy and security policies and capabilities, FSA will evaluate: how well an applicant understands and fulfills the objectives and requirements of Section I and the Subsection titled *Program Pilot Requirements*, the capability of the applicant to meet those objectives and requirements, and how innovative its technical ideas are. Please note that all Program Pilot requirements will be evaluated as part of this selection criterion with the exception of the Investment requirement, which will receive independent consideration as described below.

(b) Quality of Past Performance and References (up to four pages) (10 Points)

The Department will consider the relevance and quality of each applicant's past performance. FSA requires each applicant to provide at least three references, but we will consider no more than five references, for each applicant. All references must relate to payment program-type projects. References may relate to the proposing Pilot Implementer(s) or Pilot Participants included in an Application.

For all references, the proposing Pilot Implementer(s) must provide the following information: name of reference

organization, project type, specific operating entities involved in the work, specific product/service, period of performance, and geographic reach. Additionally, for all references, the proposing Pilot Implementer must provide the contact information for the project officer (or equivalent), which must include the individual's name, telephone number, and email address.

For each reference, the proposing Pilot Implementer(s) must highlight how the previous experience exemplifies exceptional capabilities and high-quality outcomes in delivering and/or developing successful payment solutions. This may include, but is not limited to, providing details related to: data security, program scale, overcoming functional and organizational challenges, delivered successful solutions (e.g., improved customer service, lowered operational costs, increased digital interactions, improved customer adoption rate, and increased utilization), and development timeline and costs.

FSA will make commercially reasonable efforts to contact all provided references in order to verify the accuracy of the information provided. It is extremely important that references be advised that FSA may be contacting them. Additionally, FSA will seek the following information about the Pilot Implementer(s) from references:

the record of performance according to specifications, including standards of good workmanship; the record of controlling and forecasting costs; the adherence to contract schedules, including the administrative aspects of performance; the record of managing the operations and performance of subcontractors; the reputation for reasonable, cooperative behavior, and commitment to Customer satisfaction; and the general professional concern for the interest of the Customer.

Additionally, FSA may consider other relevant past performance information on applicants, including but not limited to databases, such as the U.S. Government Past Performance Information Retrieval System or other available Government sources.

(c) Investment (up to four pages) (20 Points)

As noted in the section titled *Program Pilot Requirements* above, an application must include total anticipated Pilot investment, split into monetary and nonmonetary investments. An applicant's responses to this selection criterion must explain how the applicant's proposed investment will sufficiently fund the development, implementation, and ongoing management and stated goals of the Program Pilot.

V. Application Selection Process

Estimated Number of Selected Applicants: One or More.

A three-person panel established by FSA will review Applications and select a limited number of applicants to attend an in-person presentation and discussion session at FSA headquarters. Sessions will be conducted at the U.S. Department of Education, Federal Student Aid, 830 First Street, NE., Washington, DC 20002. FSA will directly notify selected applicants to schedule their sessions. Each selected applicant will be given an individualized session with the three-person review panel (plus other FSA parties or other Federal personnel in attendance). Forty-five minutes will be dedicated to the applicant's presentation with a 45-minute question-and-answer discussion to follow. During the session, applicants are not restricted to Application materials and will be permitted to present additional documents and information. The sessions will be recorded via video, note taking, and/or summary statements. Following all sessions, the three-person panel will determine the selected Pilot Implementer(s) and notify all applicants that they have either been selected or not selected to enter into a Cooperative Agreement to Pilot the Payment Vehicle Account Program.

VI. Application and Submission Information

#### Other Submission Requirements:

Interested entities must submit an Application in order to be considered. If an applicant is not able to currently provide all elements of the Program, the applicant should provide a timeline for when those items could be implemented.

Applications may be submitted electronically or in paper format by mail or hand delivery. We will not consider any Application that does not comply with the Application submission deadline requirements.

#### Proprietary Information:

Given the types of information requested for this Pilot, Applications may include business information that applicants consider proprietary. In 34 CFR 5.11, we define "business information" and describe the process we use in determining whether any of that information is proprietary and, thus, protected from disclosure under Exemption 4 of the Freedom of Information Act (5 U.S.C. 552, as amended). Consistent with Executive Order 12600, applicants should designate in their Applications any information that they believe is exempt from disclosure under Exemption 4. Applicants should list the page number or numbers on which we can find this information in the appropriate Appendix

section of their Applications. For additional information, please see 34 CFR 5.11(c).

Electronic Submission of Applications:

If you choose to submit your Application electronically, which is the preferred delivery method, email your Application to FSAPaymentVehicle@ed.gov. Please note the following:

- You must complete the electronic submission of your Application by 4:30 p.m., Eastern Time, on [INSERT DATE 21 DAYS AFTER DATE OF PUBLICATION IN THE FEDERAL REGISTER].
- If you choose to submit documents electronically, you must submit all documents, including any narrative sections and all other attachments to your Application as files in a portable document format (PDF) only. If you upload a file type other than a PDF or submit a password-protected file, we will not review that material.
- Prior to submitting your Application electronically, you may wish to print a copy of it for your records.
- We may request that you provide us original signatures on other documents at a later date.
- FSA email systems can only accept incoming files with attachments smaller than 25 MB. If your entire Application package is larger than 25 MB, please send multiple emails with appropriate designations in the subject line and body

of the email indicating how many total emails will be sent with submission of your Application.

Deadline Date Extension in Case of System Unavailability:

If you are prevented from electronically submitting your Application on the deadline date because FSAPaymentVehicle@ed.gov was unavailable, we will grant you an extension of one business day to enable you to transmit your Application electronically, by mail, or by hand delivery. We will grant this extension if:

- FSAPaymentVehicle@ed.gov was unavailable for 60 minutes or more between the hours of 8:30 a.m. and 3:30 p.m., Eastern Time, on the deadline date; or
- FSAPaymentVehicle@ed.gov was unavailable for any period of time between 3:30 p.m. and 4:30 p.m., Eastern Time, on the deadline date.

We must acknowledge and confirm these periods of unavailability before granting you an extension. To request this extension or to confirm our acknowledgment of any system unavailability, you may email FSAPaymentVehicle@ed.gov or call the Project Advisors listed under FOR FURTHER INFORMATION CONTACT in this Notice.

Extensions referred to in this Section apply only to the unavailability of FSAPaymentVehicle@ed.gov. If



FSAPaymentVehicle@ed.gov is available, and, for any reason, you are unable to submit your Application electronically, you may submit your Application in paper format by mail or hand delivery in accordance with the instructions in this Notice.

Submission of Paper Copies of Applications by Mail:

If you submit your Application in paper format by mail (through the U.S. Postal Service or a commercial carrier), you must mail the original and two copies of your Application, on or before the Application deadline date, to the Department at the following address: Program Administrator for the FSA Payment Vehicle Account Program, U.S. Department of Education, Federal Student Aid, 830 First Street, NE., UCP 111G5, Washington, DC 20002.

You must show proof of mailing consisting of one of the following:

- (i) A legibly dated U.S. Postal Service postmark.
- (ii) A legible mail receipt with the date of mailing stamped by the U.S. Postal Service.
- (iii) A dated shipping label, invoice, or receipt from a commercial carrier.
- (iv) Any other proof of mailing acceptable to the Secretary of the U.S. Department of Education.

If you mail your Application through the U.S. Postal Service, note that the Department does not accept either of the following as proof of mailing:

- (i) A private metered postmark.
- (ii) A mail receipt that is not dated by the U.S. Postal Service.

If your Application is postmarked after the Application deadline date, we will not consider your Application.

Note: The U.S. Postal Service does not uniformly provide a dated postmark. Before relying on this method, you should check with your local post office.

#### Submission of Paper Copies of Applications by Hand

##### Delivery:

If you submit your Application in paper format by hand delivery, you (or a courier service) must deliver the original and two copies of your Application by hand, on or before the deadline date, to the Department at the following address: Program Administrator for the FSA Payment Vehicle Account Program, U.S. Department of Education, Federal Student Aid, 830 First Street, NE., UCP 111G5, Washington, DC 20002. The Department accepts hand deliveries daily between 8:00 a.m. and 4:30 p.m., Eastern Time, except Saturdays, Sundays, and Federal holidays.

#### VII. Other Information

Accessible Format: Individuals with disabilities can obtain this document in an accessible format (e.g., braille, large print, audiotape, or compact disc) on request to the Project Advisors listed under FOR FURTHER INFORMATION CONTACT in this Notice.

Electronic Access to This Document: The official version of this document is the document published in the *Federal Register*. You may access the official edition of the *Federal Register* and the Code of Federal Regulations via the Federal Digital System at: [www.gpo.gov/fdsys](http://www.gpo.gov/fdsys). At this site you can view this document, as well as all other documents of this Department published in the *Federal Register*, in text or PDF. To use PDF you must have Adobe Acrobat Reader, which is available free at the site.

You may also access documents of the Department published in the *Federal Register* by using the article search feature at: [www.federalregister.gov](http://www.federalregister.gov). Specifically, through the advanced search feature at this site, you can limit your search to documents published by the Department.

Dated: October 12, 2018.

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James F. Manning,  
Acting Chief Operating Officer,  
Federal Student Aid.

